



Department of Energy
Washington, DC 20585

October 28, 2004

Mr. C. Delbert Marcum
[]
Diversified Metal Products, Inc.
3710 N. Yellowstone Highway
P.O. Box 1404
Idaho Fall, Idaho 83403

Subject: Enforcement Letter for Transportainer Fabrication Deficiencies

Dear Mr. Marcum:

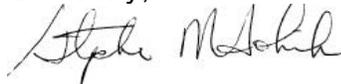
This letter addresses deficiencies associated with the fabrication of four transportainers delivered under contract to Washington TRU Solutions LLC (WTS) in support of their Characterization and Repackaging Modular Unit development. The Department of Energy's (DOE) Office of Price-Anderson Enforcement (OE) has reviewed your performance in delivering these transportainers and is concerned with the quality assurance aspects of your work activities in fabricating the transportainers. Specifically, three areas of deficiency were noted and are provided below in more detail:

1. Purchase Order WIPP1-PO400831 authorized Diversified Metal Products, Inc. (DMP) to fabricate the four transportainers. As part of this Purchase Order, DMP was required to fabricate the transportainers in accordance with Merrick Specification 100797. Section 11611 of this specification requires the incorporation of verification/inspection hold points, to be performed by WTS, into shop travelers. However, these travelers did not include any of the hold points called out in the Merrick specification.
2. The shop travelers did include several in-process quality assurance hold point inspections to be performed by DMP to verify that the current state of transportainer fabrication meets the Merrick specification called out in the Purchase Order. However, inspections performed by WTS on November 3-4, 2003, and November 10, 2003, identified numerous quality-related deficiencies associated with the fabrication of the transportainers which should have been readily identifiable through the DMP quality assurance hold point inspections. These deficiencies were formally communicated to DMP through a Quality Assurance Inspection Report dated November 10, 2003, and four Nonconformance Reports dated November 20, 2003.
3. The design of the transportainers included three safety significant features (structure, inner liner, and doors). This relevant information was communicated

informally to DMP on August 13, 2003, through an e-mail message. The fact that there was safety significant design features associated with the transportainers, required that DMP fabricate the transportainers at a Quality Level A consistent with the DMP Quality Assurance Manual. However, DMP fabricated the transportainers to a lower Quality Level B. Although the actual fabrication of the transportainers does not differ between Quality Level A and B, the extent to which DMP documents the fabrication does differ substantially.

OE recognizes that actions taken by WTS, in part, contributed to your failure to incorporate the customer hold points and assignment of the appropriate quality level to the transportainer procurement. OE is encouraged by the fact that you added a customer hold point which was not stated in the Merrick specification and specifically asked WTS if there were other customer hold points which they would like to add to the shop traveler. Based on these observations and your quick and effective response in correcting the quality-related deficiencies with the transportainers upon receipt by WTS, OE will defer formal enforcement action regarding these issues. It is the DOE expectation that DMP will learn from this procurement and modify its practices to assure that any future work in support of DOE operations will not encounter similar problems.

Sincerely,



Stephen M. Sohinki

Director

Office of Price-Anderson Enforcement

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